

This record is a partial extract of the original cable. The full text of the original cable is not available.

171438Z Sep 03

UNCLAS ANKARA 005879

SIPDIS

DEPT FOR EB/IFD/OIA  
DEPT PLEASE PASS USTR FOR LERRION  
USDA FOR FAS/ITP HENKE, MEYER, HANSEN

SENSITIVE

E.O. 12958: N/A  
TAGS: [EINV](#) [EAGR](#) [TU](#)  
SUBJECT: Cargill and ADM Move a Step Closer to Higher Sugar  
Quota but Zoning Question Still Pending

1. (SBU) Summary: A key GOT board has recommended increasing the quota for corn syrup producers to 15 percent of the total sugar quota, which, if implemented, will help Cargill and ADM/TateLyle avoid production losses on their massive investments in Turkey. Although the sugar beet industry is protesting this recommendation, Cargill believes the GOT Council of Ministers is likely to approve the increase. On Cargill's zoning issue, the Industry and Commerce Ministry has still not forwarded draft zoning amnesty legislation to the Council of Ministers. End Summary.

2. (U) The GOT's Sugar Board recently recommended increasing the quota for corn syrup producers to 15 percent of the total sugar quota for the coming year. This should enable Cargill and ADM/TateLyle, which have made the largest foreign investments in Turkish agriculture, to avoid the heavy financial losses that the Sugar Law's 10 percent default quota would have imposed. However, the sugar beet industry has launched a public campaign against the decision, which has yet to be ratified by the Council of Ministers. The sugar beet producers union has placed advertisements in the Turkish press protesting the quota increase and claiming that beet sugar inventories now stand at some 528,000 tons. Industry and Commerce Minister Coskun has publicly disputed some of the sugar beet producers claims. Cargill believes the Cabinet will approve the quota increase at its next meeting on September 22.

3. (SBU) Unfortunately, there appears to have been no movement on the unresolved zoning issue that threatens to shut down Cargill's plant in Orhangazi. Industry Minister Coskun has repeatedly promised to seek the Government's support for legislation that would, in effect, grant an amnesty to Cargill for having built its factory on agricultural-zoned land. However, the Ministry has yet to forward the draft legislation to the Council of Ministers, saying it is still collecting opinions from other concerned bodies.

4. (U) Cargill also reported developments in the two legal cases against it, both of which relate to zoning. In the first case, involving Cargill's construction permit, the relevant decision of the Danistay (State Council) ruled that Cargill's opponents were not eligible to contest the permit issuance. However, the same Danistay decision ruled in favor of those same opponents' suit against Cargill's emissions permit. Cargill is now appealing that decision to the full Danistay. Given the uncertainties of how the Danistay will rule, Cargill is pushing hard for the new zoning legislation.

5. (SBU) The Ambassador raised the zoning issue recently with Finance Minister Unakitan, who offered to meet with company representatives. We have so advised Cargill, which told us they would seek a meeting. Edelman